# PHILLIPS CURVE: A SURVEY OF THEORETICAL ANALYSIS

Dissertation Submitted to the
UNIVERSITY OF POONA
in part fulfilment of the
Degree of Master of Philosophy

by T. DAYAKARA RAO

Gokhale Institute of Politics and Economics

POONA - 411 004

June 1979

### PHILLIPS CURVE : A SURVEY OF THEORETICAL ANALYSIS

## THE UNIVERSITY OF POONA IN PART FULFILMENT OF THE

degree of

MASTER OF PHILOSOPHY

BY

T. DAYAKARA RAO

GOKHALE INSTITUTE OF POLITICS AND ECONOMICS,
PUNE 411 004

1111 W 1 000

### CONTENTS

SECTION	TITLE	PAGE
I	INTRODUCTION	1
II	THEORIES OF INFLATION	3
III	PHILLIPS CURVE ANALYSIS	17
IA	ALTERNATIVE MEASURES OF EXCESS DEMAND AND USE OF ADDITIONAL VARIABLES	45
٧	ACCELERATION HYPOTHESIS	57
VI	INCOMES POLICY AND INFLATION	66
AII	CONCLUDING COMMENTS	72
	NOTES AND REFERENCES	75
	LIST OF DIAGRAMS	#2

#### ACKNOWLEDGEMENTS

I owe a deep debt of gratitude to Prof. B.S.R. Rao, R.B.I. Professor of Finance, under whose able guidance I have carried out this study. I must admit, but for his analytical comments and valuable suggestions this work would not have come to this shape. I am, however, solely responsible for any error, that might have crept into it.

I am, grateful to Prof. V. S. Chitre and Dr. G.N. Rao of the Gokhale Institute of Politics and Economics for having helped me in this work.

I am equally grateful to the authorities of the Gokhale Institute of Politics and Economics, Pune, for providing me with all the facilities and for offering me a Junior Fellowship.

I take this opportunity to thank the staff of the S.I.S. Library, for their assistance. Thanks are due to S.M. Kulkarni for neatly typing this work.

Gokhale Institute of Politics and Economics, Pune 4

T. Dayakara Rao

July 1979